MINNESOTA UTILITY REGULATION

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INTRODUCTION

This report discusses the regulation of gas and electric utilities by the Minnesota Public Utilities Commission (PUC). It describes energy utilities, state regulatory procedure, ratemaking, and emerging regulatory concerns.

Utility regulatory issues have grown with the increasing cost of energy of all types. Last year, Minnesotans paid over $2,500,000,000 for gas and electricity from firms regulated by the PUC. This amount is likely to double in the next decade as gas is deregulated, coal prices increase, and inflation continues.

This report is an introduction to a very complex and important area. Legislative decisions on utility policy will continue to influence the basic cost and quality of utility services as well as overall state energy policy.

TABLE OF CONTENTS

I. PUBLIC UTILITIES AND REGULATION

The list of businesses that are characterized as "public utilities" and are subject to some degree of state or federal regulation is a long one. It includes:

> ... the generation, transmission, and distribution of electric power; the manufacture and distribution of gas; telephone, telegraph, and cable communications; common carrier transportation; urban and inter-urban passenger and freight; local water and sewage supply (to the extent at least that these continue to be provided by privately-owned companies); and, in a sense at the periphery, banking. The list could well embrace also, warehouses, docks, wharves, stockyards, taxis, ticket brokers, employment exchanges, ice plants, steam heating companies, cotton gins, grist mills, irrigation companies, stock exchanges, and express companies. (A. Kahn, <u>Economics of Regulation</u> (New York: John Wiley, 1970), Vol. 1, p. 10)

These businesses represent a unique group of privately owned industries that are controlled to some degree by administrative commissions constituted for this purpose. Rather than competition or self-restraint as the determinants of economic performance, these companies are subject to direct governmental control over entry, price, and conditions of service.

There are two primary economic justifications for this regulation:

1. Regulated utilities are not competitive. They are what economists call "natural monopolies." These industries sell a product that is less expensive if there is a limit on the number of suppliers in a given area. Electricity is a good example. If two electric utilities were competing for customers in a municipality,

each would have to extend a complete set of poles, lines, transformers, and meters to any customer willing to pay the price. This duplication of fixed costs would insure that the electricity could not be sold as cheaply as it could under a franchise agreement with a single business. However, if the absence of competition enhances potential economic efficiency, it may leave the consuming public open to serious abuses of monopoly pricing, discrimination between classes of customers, and inadequate service.

2. Many of these industries provide goods and services that are absolutely essential to the economic and social well-being of firms and households. These regulated industries and the products they sell are the underpinings of the rest of the economy.

II. REGULATED ENERGY UTILITIES IN MINNESOTA

Before the main features of Minnesota's regulatory scheme are described, a little history may be in order. The states exercised rate regulation long before the Federal Government came into the act. This state authority grew with the recognition that electric utilities were natural monopolies and would operate more efficiently in noncompetitive markets. State regulatory commissions were established, beginning with the New York State Public Service Commission in 1907, to establish franchises, to protect consumers from monopoly exploitation, and to insure investors a fair return on their investment.

Rates charged for power sold across state lines were nonregulated until Congress passed the Federal Power Act of 1935. This jurisdictional arrangement has remained largely unchanged for the last 45 years. FERC, the Federal Energy Regulatory Commission and the successor to the Federal Power Commission, regulates the rates charged for wholesale gas and electricity sold in interstate commerce. Various state commissions exercise similar authority over intrastate retail sales.

While the general constitutional authority of the states to regulate gas and electric utility sales has been clear for years, the response of the various states to this prerogative has been varied. Minnesota did not regulate gas and electric rates until 1974 when the Legislature enacted Chapter 429. Prior to 1974, energy utilities providing retail service in Minnesota were regulated by the municipality granting them the franchise to be the sole provider of the service.

In Minnesota, the authority to regulate the rates charged by gas and electric utilities was created by the Legislature and vested in the Public Service Commission -- a full-time body appointed by the Governor for six-year terms.[1] The Commission's responsibilities are set by statute and, when necessary, clarified by judicial decisions and statutory amendments.

Commission Jurisdiction

Originally, the Commission had regulatory responsibility over rates, service standards, and service areas for investor-owned utilities and cooperative electric associations selling gas or electricity at retail. This group included 8 investor-owned electric utilities, 56 electric cooperatives, and 13 investor-owned gas utilities. The law specifically excluded 129 municipal electric utilities and 18 municipal gas utilities from rate regulation. However, all electric utilities, including the municipals, were subject to the Commission's power to assign exclusive service areas.

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[1] Laws 1980, Chapter 614, changed the name of the "Public Service Commission" to the "Public Utilities Commission." The latter term is used throughout this report.

Municipal electric and gas utilities were deemed to already be effectively regulated by "the residents of the municipalities which own and operate them." Thus, state regulation was found to be unnecessary when the control and operation of the utility coincided with those who consumed the service. This same argument was used in 1978 when cooperative electric associations were exempted from regulation because they "are presently effectively regulated and controlled by the membership...." The statutes contain a provision requiring commission jurisdiction over cooperative rates when a majority of the coop's members vote for regulation in a special referendum held for that purpose. At this time (November 1, 1981), two coops have opted for re-regulation.

The Regulatory Process

The actual work of the Commission, the determination of gas and electric rates, is a complex mix of judicial and legislative roles designed to yield an outcome which fairly serves the contradictory financial needs of the utility and its customers. This balancing act is guided by an overriding statutory criteria: rates must be "reasonable." Chapter 216B provides that:

> Every rate made, demanded, or received by any public utility...shall be just and reasonable. Rates shall not be unreasonably preferential, unreasonably prejudicial or discriminatory, but shall be sufficient, equitable and consistent in application to a class of consumers. (§216B.03)

Not surprisingly, everybody affected by utility prices has his or her own notion of what a reasonable rate looks like. Industrial users like low rates for the large industrial and commercial class. Mainstreet merchants like low rates for the small commercial class. Residential users like low residential rates. Conservationists prefer rates which strongly discourage usage. Naturally, the utility wants rates which are sufficient to pay its costs of doing business and are generous enough to enable it to compete effectively for investment capital.

The system for reconciling these opposing notions in Minnesota is detailed in Chapter 15, better known as the Administrative Procedure Act, and in Chapters 216A and 216B, which govern the Department of Public Service and the Public Utilities Commission.

In Minnesota, a utility rate case typically begins when the utility files its proposed tariffs with the Commission. This filing consists of "statements of facts, expert opinions, substantiating documents, and exhibits, supporting the change requested, and further shall state the change proposed to be made in the rates then in force, and the time when the modified rates will go into effect." (§216B.165, Subd. 1) The utility is also required to give notice of the rate modification to all affected county and municipal governments. In the unlikely event that the Commission does not respond to the utility's filing, the utility may place the new rates into effect after 90 days have elapsed.

During the initial 90-day period, the Commission may suspend the proposed rates by so notifying the utility. The suspension may not extend beyond 90 days after the time when the rates would otherwise have gone into effect. During this suspension period the Commission determines whether all questions of reasonableness raised by the Department of Public Service staff and other interested parties have been adequately addressed by the utility. A public hearing for a contested case is required if the Commission desires or if the Commission is so petitioned by ten percent or one hundred of the utility's customers, whichever is less. If a hearing is required, the suspension may be extended up to nine months. If the Commission does not make a final determination within this extended period, the rates as proposed by the utility are deemed to have Commission approval. Thus, the Commission has one year from the utility's initial request to render its final decision.

Despite the suspension ordered by the Commission, the utility may place the proposed rates into effect at any time after the initial 90-day review period has elapsed. The utility must file a bond or other security with the Commission and pledge to refund with interest any difference between the proposed and final rates. This practice is known as "rates under bond."

The contested hearing is conducted by an attorney from the Office of Administrative Hearings according to the provisions of Chapter 15. Citizens and interest groups may either petition to intervene as official parties or take part in a number of informal public hearings which are held throughout the petitioning utility's service area. In the formal hearings, parties submit proposed findings to the Hearing Examiner who then makes a recommendation to the Commission. All parties may file exceptions to the Examiner's proposal with the Commission. The Commission then issues a final order which must be supported by a majority of the Commissioners.

The final determination or order of the Commission becomes effective 20 days after it has been delivered to all parties to the proceeding. During this period, any party or other person may apply to the Commission for a rehearing. If this application is granted, the rehearing is conducted before the Commission following the general procedures adopted for the original hearing. The issues germane to the rehearing must be those set forth in the application. In addition, no party to the proceeding may bring an action in district court unless the grounds were first raised in an application for rehearing.

This is a good time to explain in a little more detail the roles played by the various parties to the proceeding. Generally, all of the intervenors are represented by attorneys. Intervenors include "outside" groups like MPIRG, the Senior Federation, specific industrial concerns, the Chamber of Commerce or municipalities like the City of St. Paul. The

Office of Consumer Services of the Commerce Department intervenes on behalf of the residential class. Intervenors also include both the Department of Public Service and the Commission staff. The Attorney General representing the Department staff insures that his client's recommendations are exhaustively presented and defended so that they will receive ample consideration. The Attorney General representing the Commission is more concerned with the legal integrity of the hearing record than with the explication of any particular position or recommendation. It is his job to insure that the evidence upon which the Commission must ultimately decide is as complete as possible and that all procedural rules have been adequately followed.

The Hearing Examiner performs the role of a trial judge throughout the proceeding. He is responsible for arranging the schedule of testimony, cross-examination, rebuttal, surrebuttal and brief submission. He rules on matters of discovery, evidence, relevance, etc. The hearing record, consisting of all accepted written and verbal material including transcripts of the informal public hearings, is ultimately his responsibility.

At the close of the hearings, the Hearing Examiner prepares his recommendations for the Commission. This document typically consists of a procedural history, findings of fact, conclusions of law, and an order. The findings of fact consist of the examiner's judgment on each of the myriad points argued throughout the hearing. In a major rate case, the findings may cover fifty or more distinct issues. The conclusions of law are the Examiner's rulings on any strictly legal points which have been argued during the procedure. These may deal with standing, discovery, relevance, or any other legal issue raised by any intervenor in the proceeding. In assembling his report for the Commission, the Examiner generally has the benefit of suggested findings submitted by each party to the case. These final briefs help the Examiner sort out the views of each party and evaluate their support in the record.

In spite of all the effort the Examiner expends in constructing his findings, his opinion is strictly advisory and non-binding on the Commission. The Legislature has made it absolutely clear that final decisions are solely the Commission's responsibility. This does not mean, however, that the Commission has unlimited discretion. The authority of the Commission is circumscribed by statutory enactments of the Legislature, federal law, and decisions of the state and federal courts. For example, the state Legislature has chosen to specify the appropriate ratemaking treatment of advertising and charitable expenses, rates under bond, residential audit costs, and utility conservation investments.

The United States Supreme Court delineated the constitutional boundaries which define a fair rate of return in a 1923 decision:

> Rates which are not sufficient to yield a reasonable return on the value of the property used, at

> the time it is being used to render the service, are unjust, unreasonable, and confiscatory, and their enforcement deprives the public utility company of its property in violation of the Fourteenth Amendment. [Bluefield Waterworks and Improvement Co. v. Public Service Commission, 262 U.S. at 690]

The Minnesota Supreme Court has further clarified the legal framework within which the Commission may exercise its judgment. These legal parameters have grown from a series of cases which have examined the differences between the Commission's quasi-judicial and legislative roles. Minnesota Statutes, Section 216A.05, Subdivision 1 states: "The functions of the commission shall be legislative and quasi-judicial in nature." The same chaper defines these two terms as follows:

> "Legislative function" means the establishment and promulgation of all rules, orders and directives of general or particular applicability, governing the conduct of the regulated persons or businesses, together with such investigative procedures as are incident thereto and all other valid acts and procedures which are historically or functionally legislative in character. (§216A.02, Subdivision 2)

> "Quasi-judicial function" means the promulgation of all orders and directives of particular applicability governing the conduct of the regulated persons or businesses, together with procedures inherently judicial. (§216A.02, Subdivision 4)

Given the vagueness and circularity of these definitions, it is not surprising that the Commission has been uncertain about the extent of its powers. The state Supreme Court has injected some logic into this muddle by specifying the legal rules or tests which the Commission should apply in arriving at various components of its decisions. In Hibbing Taconite

Co. v. Minnesota Public Service Commission, 302 N.W.2d 5, 9, the court quoted from an earlier decision and offered some further elaboration:

> (a) When the Public Service Commission acts in a judicial capacity as a fact-finder, receives evidence in order to make factual conclusions, and weighs that evidence as would a judge in a court trial, it will be held on review to the substantial evidence standard.
>
> (b) When a Public Service Commission acts in a legislative capacity as in rate increase allocations, balancing both cost and noncost factors and making choices among public policy alternatives, its decisions will be upheld unless shown to be in excess of statutory authority or resulting in unjust, unreasonable, or discriminatory rates by clear and convincing evidence.

Although the court has set forth these general principles, when considering rate cases the court has not been precise in its use of terminology. The single term "ratemaking" has been used to describe what is really two separate functions--(1) the establishment of a rate of return, which is a quasi-judicial function, and (2) the allocation of rates among various classes of utility customers, which is a legislative function. The court's failure to be more precise when discussing the two phases of ratemaking has led to the inappropriate statement that "ratemaking is a legislative process."

The St. Paul Chamber case enunciated the PSC's two functions and the related standards of review. In applying these standards, we now hold that the establishment of a rate of return involves a factual determination which the courts will review under the substantial evidence standards. When the PSC allocates rates among classes of customers, it acts in a legislative capacity and the courts will uphold the PSC's decision unless it exceeds the PSC's statutory authority or results in unjust, unreasonable, or discriminatory rates by clear and convincing evidence.

Thus, when determining the overall financial needs of a utility, the Commission's decision is quasi-judicial and must have factual support based upon substantial evidence in the hearing record. However, when the Commission allocates rates among various customer classes and orders specific tariffs for each, it is acting in a legislative role and may

> ... consider factors drawn from its own expertise, from facts generally in the public knowledge, and from the evidence presented to it in more formal processes. Unless the commission can be shown to have relied upon certain factors to the extent that clear injustice has resulted, or that its legislative authority has been clearly exceeded, ... the courts may not restrict the scope of matters which the commission may consider in allocating electric costs among classes of customers. [St. Paul Area Chamber of Commerce v. Minnesota Public Service Commission, 312 Minn. 250, 256.]

Despite the subtleties surrounding these distinctions, it should be remembered that the Commission and its procedures are basically legislative creations. The Legislature can redefine the substantive and procedure aspects of the Commission's work at will, subject, of course, to state and federal constitutional provisions. It is through its law-making function that the Legislature defines the boundaries of the Commission's prerogatives.

Regulatory Complexity

The final topic relating to the ratemaking process is administrative complexity. Probably the only area of concensus among utilities, the Commission, and various intervenors is that the rate case process is complicated, time-consuming and expensive. The process takes a year to complete; entails over 90 discrete steps; involves numerous agencies and groups; often results in appeals to district court; and seems to be barely finished by the time the utility files for a subsequent rate increase.

However, before the process is streamlined, it should be understood that three-fifths of its steps are required by due process considerations. The process is long and complicated because every party to the proceeding has the opportunity to present the best case he or she can. A shortened process would necessarily entail less time for preparation and response -- not only for the utility and the various intervenors, but also for the Hearing Examiner and the Commission. Presently, all parties have the opportunity for discovery, direct testimony, cross-examination, re-direct, rebuttal, surrebuttal, briefing, and the filing of exceptions. Under a truncated rate case scheme, some of these rights could disappear. The Legislature would have to balance time savings against a less complete hearing record in making any decision to shorten the procedure.

The other way to simplify the Commission's work is to carefully delineate the treatment of various rate-making issues. The Legislature could specify in law the proper treatment of many expense and allocative items of contention in a manner similar to the present statutory resolution of advertising and audit costs. Of course, if the legislative mandate were extremely specific about the appropriate treatment of every ratemaking issue, there would be no need for the Commission. An accountant and a computer would suffice. It seems appropriate to leave the Commission with a fairly broad grant of authority precisely because the utilities and their customers are moving against a constantly changing background of shifting social, economic and technological considerations.

III. RATEMAKING

This section of the report describes some of the specific decisions faced by the Commission in a typical rate case.

Revenue Requirements

Essentially, each rate case presents the Commission with four major determinations:

1. The value of the utility's capital investment devoted to public use (rate base);
2. The reasonable rate of return on profit to be earned by the utility on the rate base;
3. The legitimate expenses of the utility; and
4. The appropriate allocation of increased revenue to the various classes of utility customers.

The first three of these determinations are illustrated in the following formula which shows the composition of a utility's revenue requirement:

Revenue Requirement = O + d + T + (V-D)R, where

O = operating expense

d = depreciation expense

T - taxes

V = original cost of utility plant

D = accrued depreciation

R = rate of return

(V-D)R = earning allowed on rate base (profit)

The simplicity of this formula can be misleading. With the possible exception of the original value of the utility's capital and the amount of accumulated depreciation, all of the factors are strenuously debated in a rate case.

The statutes require that the utility be granted revenues sufficient to earn a "fair and reasonable rate of return." The exercise of this responsibility is essentially a judicial decision which confronts the Commission in every rate case. It is important to note the magnitude of the discretion granted the Commission by the Legislature. The statutes do not say "rate of return equal to that earned by the utility industry as a whole" or "rate of return equal to ten percent." This discretion allows the Commission flexibility as it confronts the unique financial circumstances of each petitioning utility.

Cost Allocation

Once the appropriate level of gross revenues, expenses, and profits has been determined by the Commission, the focus of the rate case shifts to the distribution of the gross revenues among the classes of customers served by the utility. The Department of Public Service and, to a lesser extent the Commission, believe that the rates should be primarily based on cost of service. This means that industrial, commercial, and residential users should each bear their fair share of the utility's cost of serving them. This prescription appears simple but is extremely controversial in practice. The proper method to assess and apportion costs has as many forms as there are intervenors in a rate case. An entire language has grown up to describe various approaches, including "average embedded costs," "long-run incremental costs," "peak responsibility," "inverse elasticity," and so on.

The allocation of costs within a class of customers is equally controversial. This part of the rate case determines the actual rate schedule that will be used to calculate each customer's monthly bill. For years, most tariffs were figured using some form of what is called a "declining block rate," with average energy costs falling as consumption increased. Although such rates may approximate the costs met by a utility as it spreads its fixed costs over an increasing utilization of installed capacity, they may be an inappropriate price signal if they imply that increased usage does not cause new generation facilities to be needed. For users whose consumption is large enough, meters are available to measure both usage (kwh) and demand (kw). This allows a billing structure which reflects the operating and capacity costs of the utility more accurately. The development of sophisticated metering technology and the rapid rise in the cost of electricity have encouraged the provision of rates which vary with the time of day to more accurately track the utility's on- and off-peak costs of service. Utilities are also experimenting with "load management," a collection of techniques which allow the utility to selectively influence the amount of power used by its customers during peak periods.

IV. UTILITY CONSERVATION INVESTMENTS

In 1980, the Legislature established a program allowing gas and electric utilities to invest in energy conservation measures on the customer's side of the meter (Laws 1980, Chapter 579). These expenditures are to be treated as normal utility investments or expenses as long as the following criteria is met:

> The Commission shall not order a utility to make any energy conservation improvement investment or expenditure unless it first finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. (Section 216B.241, Subdivision 2)

The Commission has ordered Northern States Power Co., Minnegasco, Interstate Power Co., and Otter Tail Power Co. to participate in this program. The law represents a dramatic departure from the traditional practice of restricting utility earnings to activities solely related to the production, transmission and distribution of energy.

The four utilities participating in the program represent a mix of gas and electric, urban and rural, and winter and summer peaking service areas. In the Twin Cities area, Minnegasco is cooperating with Minneapolis and NSP is cooperating with St. Paul in offering below-market financing to homeowners undertaking conservation improvements. Preliminary results indicate that aggressive marketing is essential to the success of this sort of venture. In Minneapolis, a high level of customer interest has been generated by utilizing neighborhood workshops. This direct contact seems to be much more successful than announcing the program through bill stuffers or other impersonal written solicitations.

As the real price of gas and electricity continues to increase, the list of efficiency improvements that are less expensive than new energy will grow. Since the utility can earn a return on the conservation investment equivalent to that earned on a new power plant or other facility, we can expect these programs to expand. The legislative mandate creates the possibility that utilities will evolve from energy suppliers into firms which provide a broad range of energy services.

V. COGENERATION AND SMALL-POWER PRODUCTION

The federal Public Utility Regulatory Policies Act of 1978 (PURPA, Pub.L. 95-617, 92 Stat. 3177) requires state utility regulatory bodies to promulgate rules governing the relationship between electric utilities and qualifying co-generation and small power production facilities. The federal law was designed to encourage the integration of independent electric producers into the national electric supply system. Cogeneration is the joint production of electric energy and useful mechanical or thermal energy. Small power production facilities include wind systems, small hydroelectric systems, biomass-fired or waste-fired generation equipment, gasifiers, photovoltaic systems, fuel cells, and other emerging technologies capable of producing useful electric energy.

The Public Utilities Commission suspended its PURPA rulemaking activities during early 1981 when it became clear that the Legislature was likely to take some action in this area. The legislative outcome, Laws 1981, Chapter 237, expands and clarifies the state's response to the federal regulations. PUC rules incorporating the statutory mandates should be adopted by summer, 1982.

The Minnesota law begins with an unequivocal statement of intent:

> This section shall at all times be construed in accordance with its intent to give the maximum possible encouragement to cogeneration and small power production consistent with protection of the ratepayers and the public.

Basically, the state law contains three major provisions:

1. It requires that the PUC PURPA rules apply to all Minnesota electric utilities, including cooperative electric associations and municipal electric utilities. Under the federal regulations, the PUC's rules would only apply to investor owned utilities.

2. It allows "small" small producers (40 kilowatts or less) to be billed for any net input into the utility at the applicable retail rate schedule. This means that a customer who purchases power at a rate of five cents per kwh can sell any excess he or she produces back to the utility at the same price. If the retail utility providing service to the small power producer obtains all of its power from a wholesaler, the retail utility can pass the costs of purchasing power from the small producer along to the wholesaler.

3. Small producers larger than 30 kw may have their output wheeled to utilities anticipating generation capacity expansion. These utilities have a greater need for the power and will be able to pay a higher price for it.

The implementation of Minnesota's PURPA rules should provide a uniform state-wide framework for the interconnection of independent electricity producers. The removal of a measure of uncertainty from this developing energy market should provide fertile ground for the growth of novel production technologies.

VI. FUTURE DEVELOPMENTS IN MINNESOTA UTILITY REGULATION

When Minnesota began regulating utility rates and revenues in 1974, it was the second to the last state to take this step. In a relatively short period, the state has incorporated statutory modifications of its regulatory scheme which are innovative and potentially far-reaching. The utility conservation investment program and the state's PURPA rule may have begun a process of utility deregulation which will radically alter traditional utility regulatory assumptions and relationships.

Minnesota's small power production and cogeneration law allows and encourages the provision of traditional utility services by non-regulated business entities. At the same time, the utility conservation investment program gives regulated utilities the opportunity to profit from business activities other than the provision of gas or electricity. These twin thrusts embody an implicit challenge to the monopoly assumptions that lie at the heart of any justification of utility regulation.

Separating the utility business into production, bulk transmission and retail distribution, it becomes apparent that the PURPA provisions allow competition at the production end of the spectrum, while the conservation investment program encourages utility diversification on the retail consumption side of the enterprise. These two legislative initiatives inject competition into a traditionally monopolistic institutional structure and broaden the range of sanctioned utility operations. Only the bulk transmission aspect of utility services in unaffected.

It is difficult to speculate on the likely outcome of these incipient moves toward competition; but it is reasonable to anticipate two directions of subsequent regulatory reform. First, although regulatory or legislative measures may be necessary to provide the preconditions for competition in the provision of utility services; once the diversified market is established the regulator's role becomes difficult to justify. Thus, the stage may be set for the withdrawal of state involvement in some utility activities. Second, the state may face new regulatory problems as it wrestles with the appropriate regulatory treatment of a utility's non-traditional business ventures. As utilities diversify, the level of investment and profitability from their energy service departments will have to be reconciled with their traditional financial operations. It seems reasonable to expect that utility energy service activities will incur greater risks and need higher returns than energy sales. Regulators will have to avoid siphoning away these higher returns in order to subsidize lower utility rates. To avoid the potential damage of cross-subsidization, the utility may want to establish an arms-length relationship between energy sales and energy services by setting up a wholly-owned subsidiary with a distinct financing, debt, and revenue structure. For the utility, this may necessitate a change in by-laws or articles of incorporation. Also, the utility may want specific legislative sanctions to support the diversification in order to have a measure of protection from potential anti-trust allegations.

In coming sessions, the Legislature may want to evaluate both the utility conservation investment program and the PURPA law to see if they are sustaining their burdens successfully. This oversight activity, as well as other measures designed to mesh the regulatory process with a changing economic and technical environment, will insure that utility issues continue to generate legislative interest and activity.